

Solar feed-in tariff 2026-27

Draft determination

March 2026

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Submissions

Closing date for submissions: 1 May 2026

Public involvement is an important element of our decision-making processes. Therefore, we invite submissions from interested parties. We will take account of all submissions received within the stated timeframes. Submissions, comments or inquiries regarding this paper should be directed to:

Queensland Competition Authority

GPO Box 2257, Brisbane Q 4001

Tel 07 3222 0555

www.qca.org.au/submissions

Confidentiality

In the interests of transparency, and to promote informed consultation, we intend to make all submissions publicly available. However, if a person making a submission believes that information in it is confidential, they should claim confidentiality over the relevant information (and state the basis for that claim). We will assess confidentiality claims in accordance with the *Queensland Competition Authority Act 1997*. Among other things, we will assess if disclosure of the relevant information is likely to damage a person's commercial activities, and we will consider the public interest.

Claims for confidentiality should be clearly noted on the front page of a submission, and relevant sections of the submission marked as confidential. The submission should also be provided in both redacted and unredacted versions. In the redacted version, all information claimed as confidential should be removed or hidden. In the unredacted version, all information should be exposed and visible. These measures will make it easier for us to make the remainder of the document publicly available. A confidentiality claim template is available at **www.qca.org.au/submission-policy**.

The template gives guidance on the type of information that may help us to assess a confidentiality claim. We encourage stakeholders to use this template when making confidentiality claims.

Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at our Brisbane office or on our website at **www.qca.org.au**. If you experience any difficulty gaining access to documents, please contact us on **07 3222 0555**

1 About our review

Each year, we set a flat-rate solar feed-in tariff (FiT) for regional Queensland. This solar FiT reflects the savings retailers achieve by getting electricity from solar customers instead of buying it from the National Electricity Market (NEM).

In January 2026, the Treasurer, Minister for Energy and Minister for Home Ownership (the Minister) directed us to set a flat-rate solar FiT for 2026-27.¹ The Minister also asked us to set regulated retail electricity prices (notified prices).²

We set the solar FiT using a well-established framework, based on factors in the Electricity Act and matters in the direction (Box 1). Last year, we incorporated new information to improve our solar FiT estimate. We have applied that same approach to estimate the FiT for 2026-27.

This draft determination outlines the key elements of our approach and provides an indicative solar FiT, which may change in the final determination to reflect updated information and stakeholder feedback.

Box 1: Our assessment framework

When we set the solar FiT, the Electricity Act requires us to consider:

- the effect of the solar FiT on competition in the Queensland retail electricity market
- any other matters in the Minister's direction.

The Minister's direction gives us specific matters to consider, such as:

- the pricing methodology – we must use the 'avoided cost' methodology (used since 2014-15)
- arrangements for Origin Energy's retail services to Queensland customers connected to the Essential Energy network
- any other matter the QCA considers relevant.

1.1 Our approach

We have set the solar FiT using the avoided cost methodology, which estimates the solar FiT based on the costs a retailer avoids when sourcing energy from household solar PV customers.

Consistent with the approach used last year, we have continued to incorporate additional solar export data to improve our estimate of the solar FiT. Our estimates are based on:

¹ The direction was issued in accordance with s 93 of the *Electricity Act 1994* (Qld). The direction, including the terms of reference, is provided on our [website](#).

² Further information on the electricity prices review is available on our [website](#).

- the wholesale energy costs (WEC) a retailer avoids when sourcing electricity from its solar PV customers instead of purchasing it from the NEM. This year we continue to account for the impact of solar exports (see section 3.1)
- other energy costs a retailer avoids, such as NEM management fees, ancillary services fees and energy losses (see section 3.2).

Additionally, we must also consider:

- **the effect of the solar FiT on competition in the Queensland retail electricity market** – in particular, whether a mandatory solar FiT set above Ergon Retail’s avoidable costs could discourage non-subsidised retailers from competing in regional Queensland
- **arrangements for customers on the Essential Energy network** – who are supplied by Origin Energy at notified prices, similar to how Ergon Retail supplies customers throughout the rest of regional Queensland.³

Table 1 describes how we have regard to these matters when setting the solar FiT.

Table 1: Additional matters

Matter	Outcome
Competition considerations	We have based the solar FiT on the Energex Distribution region. ⁴ This enables us to incorporate solar export data for small customers and update our method to: <ul style="list-style-type: none"> • better reflect the value of solar exports to retailers (see section 3.1) • produce a lower solar FiT that is less likely to inhibit competition.
Arrangements for Queensland customers on the Essential Energy network	This solar FiT applies across regional Queensland to customers in the Ergon Distribution region and the Essential Energy network. ^a

a Section 92 of the Electricity Act defines the solar FiT as an amount that must be credited by a prescribed retailer – that is, Ergon Retail and Origin Energy (only for Queensland customers on the Essential Energy network) – to a qualifying customer for each unit of electricity that is produced by a small PV generator and supplied to the network.

1.2 Draft determination

This year, customers in regional Queensland can expect a decrease in the solar FiT compared to last year. This reflects a decrease in energy costs and the availability of additional solar export data from advanced digital meters (ADMs) – which allows us to better measure and value exported solar energy.

We have calculated the solar FiT having considered relevant factors in the Electricity Act, the Minister’s direction and our own analysis.⁵

³ Like Ergon Retail, Origin Energy loses money supplying these customers at notified prices, which are lower than the actual cost of supply. To make up for this loss, the Queensland Government provides a subsidy.

⁴ Prior to 2025-26, we used the Ergon Distribution east zone (transmission region one), as it was the region with the lowest cost of supply connected to the NEM.

⁵ We received one stakeholder submission prior to publishing the draft determination. This will be considered, along with any other submissions received during the consultation period, when making our final determination.

Stakeholders are invited to comment on our draft determination through written submissions.⁶ We will consider all stakeholder submissions we receive, along with other relevant information, when making our final determination.⁷

Submissions on the draft determination are due by 1 May 2026.

1.3 Supporting information

Supporting information on our website includes:

- a fact sheet, which gives an overview of key issues for setting the solar FiT this year
- the Minister’s direction and terms of reference
- information on our review of notified prices, including ACIL Allen’s report on energy costs.

1.4 Consultation timetable

Key dates for our review are shown in Figure 1.1.

Figure 1.1: Stages of the review



1.5 Human Rights Act declaration

While our decision is economic in nature, the *Human Rights Act 2019 (Qld)* requires us to consider human rights that may be affected by our draft determination of the solar FiT. We consider that our decision does not give rise to a limitation of any right under the Human Rights Act.

⁶ See the submissions page at the start of this report for information on making a submission, including where to access our [submission policy](#) and [online submission form](#).

⁷ We encourage stakeholders to [subscribe to our email alerts](#) to keep up to date with the project developments.

Important note to customers



Customers should not expect the solar FiT to stay the same in future when deciding whether to install or upgrade PV systems.

The solar FiT is updated annually based on energy cost changes, which can change due to various local and global factors as well as new information.

2 Draft solar feed-in tariff

We estimate a solar feed-in tariff (FiT) of 6.153 c/kWh for regional Queensland in 2026–27, which is about 29% lower than the 2025–26 solar FiT.

The solar FiT is based on our estimate of the costs a retailer avoids when sourcing energy from solar PV customers. This year, our estimate has decreased due to:

- lower (avoided) wholesale and other energy costs (Table 2 and Figure 1)
- the availability of additional solar export data from ADMs, which allows us to more accurately measure and value exported solar energy.⁸

The draft solar FiT is within the range of solar FiTs in other jurisdictions (Appendix B).

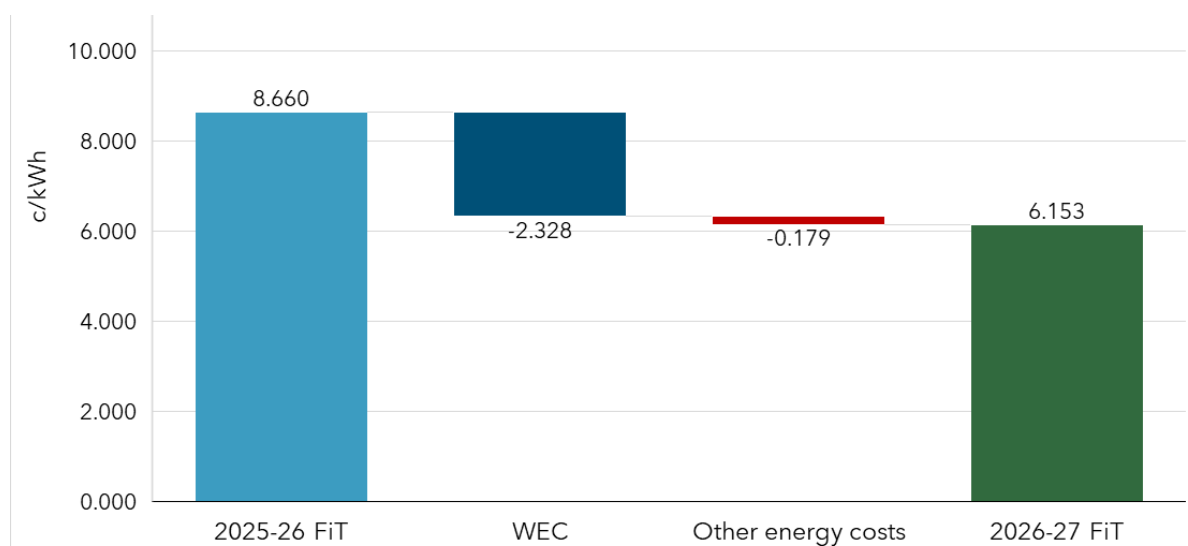
Table 2: Solar FiT for regional Queensland, 2025–26 and 2026–27

Avoided costs	Feed-in tariff (c/kWh)		Change	
	2025–26	2026–27	c/kWh	%
Wholesale energy costs	8.031	5.703	-2.328	-29.0
Other energy costs	0.629	0.450	-0.179	-28.5
Feed-in tariff	8.660	6.153	-2.507	-28.9

Note: Estimates exclude GST. Totals may not add exactly due to rounding.

Source: ACIL, *Estimated energy costs*, draft report, March 2026; QCA calculations.

Figure 1: Changes in solar FiT, 2025–26 to 2026–27



Note: Estimates exclude GST. Totals may not add exactly due to rounding.

Source: ACIL, *Estimated energy costs*, March 2026; QCA calculations.

⁸ As more solar customers transition from accumulation meters to ADMs, a growing share of solar exports is reflected in ADM data rather than the NSLP. Because the value of exports from ADM data is lower than the value implied by the NSLP, the value of the FiT decreases. This effect is likely to continue as ADM roll-out progresses (and until ADM coverage is 100%).

3 Avoided cost estimates

Our estimated solar FiT reflects the wholesale energy and other energy costs a retailer avoids when sourcing electricity from solar customers.

3.1 Wholesale energy costs

Retailers meet their customers' energy needs by sourcing energy from:

- the National Electricity Market (NEM)
- solar energy exported by households with solar PV systems.

When retailers source energy from solar exports, they avoid certain costs. The main cost avoided is the wholesale energy cost (WEC) that would otherwise be incurred when purchasing energy from the NEM. Historically, we estimated this avoided cost using the same WEC applied in notified prices. This meant the WEC estimated for notified prices was also used as the avoided WEC for the solar FiT.

As a result, determining the avoided WEC was relatively straightforward. Our WEC estimate reflects:

- **wholesale energy spot prices** – taking into account supply conditions, demand profiles, and generator bidding behaviour. To reflect customer consumption, we consider both the:
 - net system load profile (NSLP), which captures demand from accumulation meter customers
 - ADM profile, which measures demand from customers with ADMs. Since 2024-25, and in the 2026-27 draft notified prices, we incorporated available data on demand from solar exports within the ADM profile
- **hedging strategies and contract prices** – estimated using a model that simulates the WEC for a retailer managing spot price exposure (and risk) through publicly available ASX Energy contracts.

However, solar exports also affect the underlying cost of supplying electricity. Solar exports reduce the amount of daytime demand met by the NEM, resulting in a peakier residual demand profile. A peakier profile is more expensive for retailers to hedge and increases contracting costs, all else being equal.⁹

Since 2024-25, we have used additional interval meter data to estimate the costs that solar exports impose on retailers.¹⁰ Rather than reflecting these costs in notified prices, we adjust the FiT to incorporate them. This approach recognises that the FiT should reflect the net value of solar exports to retailers, including both the avoided WEC and any identifiable costs associated with solar exports. It also ensures the value of solar exports is appropriately reflected in the FiT without distorting the estimate of energy costs used to set notified prices.

We cannot apply an adjustment to the proportion of solar exports from the NSLP, as solar exports cannot be separately identified in the NSLP. The NSLP reflects the load of customers on

⁹ Retailers may hold more cap contracts and could be over-hedged more frequently during the day.

¹⁰ Removing the identifiable cost impact lowers the estimated WEC included in notified prices. See chapter 4 of the 2026-27 notified prices draft determination.

accumulation meters. As such, the NSLP combines electricity imports and exports (the effects of solar exports cannot be isolated due to the accumulation meters).

Box 2 outlines the three key steps in our approach to estimating and accounting for solar export cost impacts using ADM data. Further detail is provided in ACIL’s report.¹¹

Box 2: Calculating the solar FiT

Our three-step method to account for the cost impacts of solar exports in the FiT:

- 1. Estimate the WEC of the NSLP** – we estimate the WEC for energy from the NEM based on the NSLP profile (WEC_{NSLP}). This reflects the costs a retailer avoids when sourcing solar exports from households on accumulation meters.
- 2. Estimate the WEC of the solar exports** – the WEC of solar exports (WEC_S) cannot be observed directly but can be derived by calculating the difference between the cost of energy based on total demand (i.e. NSLP + ADM data including solar exports) and net demand (i.e. NSLP + ADM data excluding solar exports). For more details, see Appendix A.
- 3. Estimate the (weighted average) solar FiT** – we use the relative volumes of exports arising from the NSLP and ADMs (see Figure 2) to weight the WEC estimates from the two export sources.

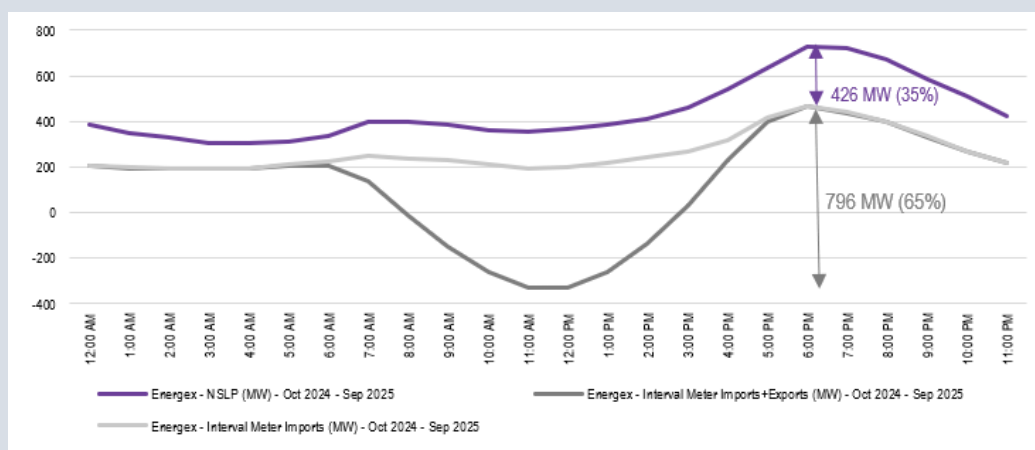
Results

- 1. WEC of NSLP energy (2026-27):** \$138.93/MWh (2025-26: \$155.47/MWh)
- 2. WEC of solar exports (2026-27):** \$12.93/MWh (2025-26: \$16.29/MWh)

Weighted calculation:

- 3. 2026-27:** $\$138.93 (35\%) + \$12.93 (65\%) = \$57.03/\text{MWh}$
2025-26: $\$155.47 (46\%) + \$16.29 (54\%) = \$80.31/\text{MWh}$.

For 2026-27, the WEC component of the solar FiT is \$57.03 (or 5.703 c/kWh), compared to \$80.31/MWh (or 8.031 c/kWh) last year.



Source: ACIL, *Estimated energy costs*, draft report, March 2026, pp 64-65.

¹¹ ACIL, *Estimated energy costs*, draft report prepared for the QCA, March 2026, pp 64-65.

3.2 Other avoided energy costs

The key factor driving the solar FiT is the avoided WEC, but there are other energy costs that retailers avoid when getting electricity from solar PV customers instead of the NEM. For example, retailers can:

- avoid paying fees based on how much energy they buy from the NEM, such as NEM management fees and ancillary services charges
- largely avoid costs associated with transmission and distribution losses when they avoid having to transport energy over long distances.¹²

We estimate the other avoided energy costs based on the cost information (estimated by ACIL) used for setting notified prices. Table 3 explains how we take these factors into account when setting the solar FiT, in line with past reviews.

Table 3: Other avoided energy cost components

Avoided costs	Description	Cost estimation approach
NEM fees	The costs to the Australian Energy Market Operator (AEMO) for operating the NEM.	Based on the AEMO 2025-26 draft budget report. Only variable charges are considered avoided energy costs. ^a
Ancillary services	The costs of services used by AEMO to maintain power system safety, security and reliability.	Based on the average historical costs from the past 52 weeks, published by AEMO.
Value of avoided energy losses	The cost to retailers of purchasing more energy than they need to meet demand due to energy losses.	Based on multiplying the avoided WEC, NEM management fees and ancillary services fees by the network loss factor.

^a Fixed charges are not considered an avoided cost as they do not vary with consumption.

Other avoided energy costs estimate

We estimate the avoided other energy costs to be 0.450 c/kWh, which is 28.5% lower than last year (0.629 c/kWh). This primarily reflects a decrease in avoided losses associated with the reduction in WEC.

¹² As solar PV systems tend to be in residential areas, and electricity (when exported to the distribution grid) typically travels to the closest household/small business where electricity is demanded, energy losses are avoided.

Appendix A: Solar feed-in tariff method

Part 1: Estimating the value of solar exports from ADMs

As discussed in section 3 of the main report, we identify the demand satisfied by solar exports in the ADM profile. This allows us to estimate the value of solar exports captured in the ADM data when calculating the solar feed-in tariff (FiT).

Retailers source energy for their customers from both the NEM and household solar exports. Accordingly, a retailer's total energy cost can be expressed as:

$$\text{Retailer's total cost of energy} = \text{cost of energy from the NEM} + \text{cost of solar exports}$$

The costs depend on both price¹³ and quantity and can be expressed as:

$$WEC_T \times Q_T = (WEC_N \times Q_N) + (WEC_S \times Q_S)$$

Where:

Q_T = the total demand (from the NEM and exports)

Q_N = demand from the NEM

Q_S = demand satisfied by exports

$Q_T = Q_N + Q_S$

Historically, we have estimated the cost of energy from the NEM by estimating WEC_N for demand satisfied by the NEM.

Since 2025-26, and in our draft 2026-27 notified prices, we have been able to identify the demand satisfied by solar exports from the ADM profile and estimate the total cost of energy WEC_T for demand satisfied by both the NEM and solar exports.¹⁴

The difference between the total cost of energy and the cost of energy from the NEM is the value of solar exports within the ADM profile:

$$WEC_T \times Q_T = (WEC_N \times Q_N) + (WEC_S \times Q_S)$$

$$WEC_S \times Q_S = (WEC_T \times Q_T) - (WEC_N \times Q_N)$$

The value on a per unit basis is given as:

$$\frac{WEC_S \times Q_S}{Q_S} = \frac{(WEC_T \times Q_T) - (WEC_N \times Q_N)}{Q_S}$$

$$WEC_S = \frac{(WEC_T \times Q_T) - (WEC_N \times Q_N)}{Q_S}$$

A simple worked example is provided in Box 3.

¹³ The price of energy from the NEM will be the hedged wholesale energy cost. The price of solar exports will reflect the value derived for solar exports used to set the solar FiT (retailers must pay customers the solar FiT for energy they export).

¹⁴ WEC_T will only be an approximation, as continued data limitations prevent us from being able to consider demand satisfied by solar exports in the NSLP.

Box 3: Worked example

Suppose a retailer needs to supply 10 units of energy to its customers:

- 8 units are sourced from the NEM
- 2 units are sourced from solar exports.

Assume the hedged WEC for energy from the NEM (WEC_N)=\$10 and the hedged WEC for total energy is WEC_T =\$9.

Using this information, we can solve for WEC_S using the preceding equation:

$$WEC_T \times Q_T = (WEC_N \times Q_N) + (WEC_S \times Q_S)$$

$$WEC_S \times Q_S = (WEC_T \times Q_T) - (WEC_N \times Q_N)$$

$$\frac{WEC_S \times Q_S}{Q_S} = \frac{(WEC_T \times Q_T) - (WEC_N \times Q_N)}{Q_S} = \frac{(\$9 \times 10) - (\$10 \times 8)}{2}$$

$$WEC_S = \$5$$

Part 2: Calculating the solar FiT

In Box 2 of this report, we set out the estimate of the weighted average solar FiT using the relative proportion of exports arising from the NSLP and ADM demand profiles.

The relative volume of exports is estimated as the difference between the minimum and maximum of the average time-of-day profile for the NSLP and the combined profile data (i.e. NSLP + ADM data excluding solar exports). The estimates of these volumes are respectively 426 MWh and 796 MWh.

We use these relative volumes to weight the WEC estimates from the two sources:

$$\$138.93 \left(\frac{426}{426 + 796} \right) + \$12.93 \left(\frac{796}{426 + 796} \right) = \$57.03/\text{MWh}$$

This is equivalent to 5.703 c/kWh, which represents the wholesale energy cost component of the 2026-27 solar FiT (see Table 2 of the report).

Appendix B: Solar FiT in other jurisdictions

Jurisdiction	Solar FiT (c/kWh)
Australian Capital Territory (no legislated solar FiT)	4-10 c/kWh – the range of solar FiT market offers 2026 for the three largest retailers in the Australian Capital Territory ¹⁵
New South Wales (solar FiT benchmark range set by the Independent Pricing and Regulatory Tribunal)	4.8-7.3 c/kWh – the all-day benchmark range in 2025-26 ^{16,17}
Northern Territory (no legislated solar FiT)	Solar FiT in 2025-26: <ul style="list-style-type: none"> 9.33 c/kWh – the standard off-peak solar FiT offered by the government retailer 18.66 c/kWh – the new peak solar FiT rate offered by the government retailer to customers with smart meters¹⁸
South Australia (no legislated solar FiT)	The average solar FiT market offer in 2024-25: <ul style="list-style-type: none"> 0-6 c/kWh – residential 0-6 c/kWh – small business¹⁹
South-east Queensland (no legislated solar FiT)	The average solar FiT market offer in 2024-25: <ul style="list-style-type: none"> 3.65 c/kWh – residential 3.88 c/kWh – small business
Tasmania (minimum solar FiT set by the Office of the Tasmanian Economic Regulator)	8.782 c/kWh – the regulated minimum solar FiT in 2025-26 ²⁰
Victoria (minimum solar FiT set by the Essential Services Commission until June 2025 (after which, retailers may set their own FiT)	Solar FiT in 2024-25: <ul style="list-style-type: none"> 0.04 c/kWh – flat rate 0.00-6.57 c/kWh – time-varying²¹
Western Australia (distributed energy buyback scheme for government retailers; rates approved by government)	2-10 c/kWh; 3-10 c/kWh – time-varying solar FiT rates in 2024-25 ²²

¹⁵ Retailer solar FiT information for [ActwAGL](#), [Origin Energy](#) and [EnergyAustralia](#), accessed retailer websites, 2026, 23 March 2026.

¹⁶ IPART, [Solar feed-in benchmark ranges for 2025-26](#), final report, May 2025.

¹⁷ IPART has also proposed separate FiT benchmarks for each New South Wales distribution area for different time periods.

¹⁸ Retailer solar FiT information for [Jacana Energy](#).

¹⁹ Essential Services Commission of South Australia, [Energy Retail Price Offers Comparison Report 2024-25](#), August 2025, p 24.

²⁰ OTTER, [Feed-in Tariffs](#), OTTER website, 2026, accessed 23 March 2026.

²¹ ESC, [Minimum feed-in tariffs](#), ESC website, 2026, accessed 23 March 2026.

²² Government of Western Australia, rates offered under the [Distributed Energy Buyback Scheme \(DEBS\)](#), WA government website, 2026, 23 March 2026.